MONTANA LEGISLATIVE HISTORY

BEST COPY AVAILABLE

Chapter 168 1985

Bill H _____ S 216 Original bill & history ✓ C

H. Committee on Business & Labor		S. Committee on Business & Industry	
Hearing Date(s) Mar 14	✓ C	Hearing Date(s) Jan 31	✓ C
_____	____C	_____	____C
_____	____C	_____	____C
_____	____C	_____	____C
Date Out Mar 14	✓ C	Jan 31	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

2/08	HEARING	
2/11	COMMITTEE REPORT-BILL DO PASS	
2/13	2ND READING PASS	38
2/15	3RD READING PASS	38
	TRANSMITTED TO HOUSE	
2/27	REFERRED TO STATE ADMINISTRATION	
3/15	HEARING	
3/15	COMMITTEE REPORT-BILL CONCURRED	
3/22	2ND READING NOT CONCURRED	51
3/22	RECONSIDERATION	
3/25	2ND READING PASS AS AMENDED	85
3/27	3RD READING CONCURRED	77
	RETURNED TO SENATE WITH AMENDMENTS	
4/02	2ND READING AMENDMENTS NOT CONCURRED	49
4/05	CONFERENCE COMMITTEE APPOINTED	
4/20	CONFERENCE COMMITTEE REPORT	
	SENATE	
4/22	2ND READING CONFERENCE COMMITTEE REPORT ADOPTED	25
4/22	3RD READING CONFERENCE COMMITTEE REPORT ADOPTED	37
	HOUSE	
4/22	2ND READING CONFERENCE COMMITTEE REPORT NOT ADOPTED	50
4/23	FREE CONFERENCE COMMITTEE APPOINTED	
4/24	FREE CONFERENCE COMMITTEE REPORT	
	SENATE	
4/25	2ND READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	38
4/25	3RD READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	43
	DIED IN PROCESS	

SB 216 INTRODUCED BY BOYLAN, MCCALLUM, ET AL.
GENERAL REVISION OF CONSUMER LOAN LAW

1/22	INTRODUCED	
1/23	REFERRED TO BUSINESS & INDUSTRY	
1/31	HEARING	
1/31	COMMITTEE REPORT-BILL PASS AS AMENDED	
2/02	2ND READING PASS	2
2/05	3RD READING PASS	4
	TRANSMITTED TO HOUSE	
2/27	REFERRED TO BUSINESS & LABOR	
3/14	HEARING	
3/14	COMMITTEE REPORT-BILL CONCURRED	
3/16	2ND READING CONCURRED	8
3/19	3RD READING CONCURRED	9
	RETURNED TO SENATE	
3/21	SIGNED BY PRESIDENT	
3/22	SIGNED BY SPEAKER	
3/22	TRANSMITTED TO GOVERNOR	

3/25 SIGNED BY GOVERNOR
CHAPTER NUMBER 168 EFFECTIVE DATE: 10/01/85

B 217 INTRODUCED BY TOWE, MAZUREK, ET AL.
REQUIRING ESTABLISHMENT OF MUNICIPAL COURTS IN CERTAIN CITIES

1/22 INTRODUCED
1/23 REFERRED TO JUDICIARY
1/25 FISCAL NOTE REQUESTED
1/31 HEARING
2/07 FISCAL NOTE RECEIVED
2/22 COMMITTEE REPORT-BILL PASS AS AMENDED
2/25 2ND READING PASS AS AMENDED 24 18
2/27 3RD READING DO NOT PASS 14 36
2/27 BILL KILLED

B 218 INTRODUCED BY R. MANNING, DRISCOLL
REQUIRE WORKERS' COMPENSATION LUMP-SUM PAYMENT AT WORKER'S DISCRETION

1/22 INTRODUCED
1/24 REFERRED TO LABOR & EMPLOYMENT RELATIONS
1/25 FISCAL NOTE REQUESTED
1/31 FISCAL NOTE RECEIVED
2/09 HEARING
2/21 TABLED IN COMMITTEE

B 219 INTRODUCED BY R. MANNING, DRISCOLL
COST-OF-LIVING ADJUSTMENT TO WORKERS' COMP. BENEFIT

1/22 INTRODUCED
1/24 REFERRED TO LABOR & EMPLOYMENT RELATIONS
1/28 FISCAL NOTE REQUESTED
2/01 FISCAL NOTE RECEIVED
2/09 HEARING
2/21 TABLED IN COMMITTEE

B 220 INTRODUCED BY R. MANNING, DRISCOLL
INCREASE WORKERS' COMP. BENEFITS FOR CERTAIN PARTIAL DISABILITY INJURIES

1/22 INTRODUCED
1/24 REFERRED TO LABOR & EMPLOYMENT RELATIONS
1/25 FISCAL NOTE REQUESTED
1/31 FISCAL NOTE RECEIVED
2/09 HEARING
2/21 TABLED IN COMMITTEE

B 221 INTRODUCED BY R. MANNING, BOYLAN, ET AL.
GENERAL REVISION OF HORSERACING REGULATORY LAW
BY REQUEST OF BOARD OF HORSERACING

1/22 INTRODUCED
1/23 REFERRED TO STATE ADMINISTRATION
1/24 FISCAL NOTE REQUESTED
1/30 FISCAL NOTE RECEIVED
2/07 HEARING
2/11 COMMITTEE REPORT-BILL PASS AS AMENDED
2/13 2ND READING PASS 47 3

SENATE BILL NO. 216

INTRODUCED BY BOYLAN, MCCALLUM, NEUMAN, ANDERSON

IN THE SENATE

January 23, 1985	Introduced and referred to Committee on Business and Industry.
January 31, 1985	Committee recommend bill do pass as amended. Report adopted.
February 1, 1985	Bill printed and placed on members' desks.
February 2, 1985	Second reading, do pass.
February 4, 1985	Considered correctly engrossed.
February 5, 1985	Third reading, passed. Ayes, 40; Noes, 7.
	Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 14, 1985	Committee recommend bill be concurred in. Report adopted.
March 16, 1985	Second reading, concurred in.
March 19, 1985	Third reading, concurred in.
	Returned to Senate.

IN THE SENATE

March 19, 1985

Received from House.

Sent to enrolling.

Reported correctly enrolled.

INTRODUCED BY Senate BILL NO. 216
Taylor Nisbet Neuman
Anderson

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE LAW CONCERNING CONSUMER LOAN LICENSEES; ALLOWING FINANCIAL INSTITUTIONS TO BE LICENSED; REVISING PROVISIONS CONCERNING INTEREST ON LOANS; REMOVING THE PROHIBITION ON SALE OF INSURANCE; PROVIDING FOR A BAD CHECK CHARGE; AND AMENDING SECTIONS 32-5-103, 32-5-301, 32-5-306, 32-5-322, 32-5-407, 32-5-501, AND 32-5-506, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 32-5-103, MCA, is amended to read:

"32-5-103. Engaging in business of making loans restricted. (1) No person shall engage in the business of making loans or advances of money on credit in any amount and contract for, charge, or receive directly or indirectly on or in connection with any such loan or advance any charges, whether for interest, compensation, consideration, or expense, which in the aggregate are greater than those provided by 31-1-107(1), except as provided in and authorized by this chapter. ~~Except as provided in subsection (2), a person doing business under the authority of this state or the United States relating to banks, trust companies, savings or building and loan associations, credit unions, or a~~ A person engaged in business as a licensed pawnbroker ~~or any person who shall extend credit in connection with the sale of a commodity shall~~ may not become a licensee under this chapter nor shall any of the provisions of this chapter apply to any such exempted person.

(2) A licensee may sell its business and assets to a bank, building and loan association, savings and loan association, trust company, credit union, credit association, development credit corporation, or bank holding company organized pursuant to state or federal statutory authority and subject to supervision, control, or regulation by an agency of the state of Montana or an agency of the federal government. All contracts for loans and all other contracts entered into by the licensee pursuant to the provisions of this chapter that are sold and transferred to an acquiring organization continue to be governed by the provisions of this chapter.

(3) The provisions of subsection (1) shall apply to any person who seeks to evade its applications by any device, subterfuge, or pretense whatsoever.

(4) Any contract of loan in the making or collection of which any act shall have been done which violates subsection (1) of this section shall be void, and the lender shall have no right to collect, receive, or retain any

INTRODUCED BILL
SB 216

principal, interest, or charges whatsoever."

Section 2. Section 32-5-301, MCA, is amended to read:

"32-5-301. Charges, refunds, penalties, filing fees. (1) Every licensee hereunder may contract for and receive on any loan of money not exceeding $1,000 in principal amount:

(a) charges at rates not in excess of $20 per year per $100 on that part of the principal amount of the loan not exceeding $500;

(b) $16 per year per $100 on that part of the principal amount of the loan exceeding $500 but not exceeding $1,000.

(2) The holder of a supplementary license may contract for and receive charges at rates authorized for licensees in subsection (1) for the first $1,000 of the principal amount of any loan and may contract for and receive charges at rates not in excess of $12 per year per $100 on that part of the principal amount of any loan exceeding $1,000 but not exceeding $7,500.

(3) Charges in (1) and (2) shall be computed at the applicable rates on the full, original principal amount of the loan from the date of the loan to the due date of the final scheduled installment irrespective of the fact that the loan is payable in installments. Said charges shall be added to the principal of the loan and shall not be discounted or deducted therefrom or paid or received at the

time the loan is made. For the purpose of computing charges for a fraction of a month, a day shall be considered one-thirtieth of a month.

~~(4)--On-loans-of-$90-or-less-a-licensee-may-charge,--in lieu--of--charges--specified--in-(1)-of-this-section,-not-in excess-of-$1-for-each-$5-of-cash-or-credit-advanced--to--the borrower--up--to--the-amount-of-$90.-A-period-of-at-least-15 days-must-be-allowed-for-the-repayment-of-each--$5--cash--or credit--advanced.--Such--charges--cannot--be-assessed-by-any subterfuge-or-device-on-any-loan-over-$90-or-on-any--balance of--$90-or-less-when-the-original-loan-was-greater-than-$90.~~

~~(5)~~(4) (a) When any loan contract, new loan, renewal, or otherwise for a period of not more than 61 months is paid in full by cash 1 month or more before the final installment date, the licensee shall refund or credit the borrower with that portion of the total charges which shall be due the borrower as determined by schedules prepared under the rule of 78ths or sum of the digits principle as follows: the amount of the refund or credit shall be as great a proportion of the total charges originally contracted for as the sum of the consecutive monthly balances of the contract scheduled to follow the date of prepayment bears to the sum of all the consecutive monthly balances of the contract, both sums to be determined according to the payment schedule originally contracted for.

(b) When any loan contract, new loan, renewal, or otherwise for a period of more than 61 months is paid in full by cash 1 month or more before the final installment date, the licensee shall refund or credit the borrower with that portion of the total charges that is due the borrower that is applicable to all fully unexpired months in the contract as originally scheduled or, if deferred, as deferred, following the date of prepayment. For this purpose the applicable charge is the charge which would have been earned for that contract if charges had not been precomputed, by applying to the unpaid principal balance, by the actuarial method, the annual percentage rate disclosed pursuant to federal law, based on the assumption that all payments were made as originally scheduled. For all loans that may be subject to this section, charges are computed initially in the same manner used to determine the annual percentage rate.

~~(6)~~(5) If the contract so provides, the additional charge for any amount past due according to the original terms of the contract, whether by reason of default or extension agreement, may be 5% of the amount past due, and said amount may be charged once and no more.

~~(7)~~(6) (a) The licensee may include in the principal amount of any loan the actual fees paid a public official or agency of the state for filing, recording, or releasing any

instrument securing the loan.

(b) The licensee may include in the principal amount of any loan bona fide charges related to real estate security and paid to third parties, including:

(i) fees or premiums for title examination, title insurance, or similar purposes, including survey;

(ii) fees for preparation of a deed, settlement statement, or other documents;

(iii) fees for notarizing deeds and other documents;

(iv) appraisal fees;

(v) fees for credit reports; and

(vi) fees paid to a trustee for release of a trust deed.

~~(8)~~(7) No further or other charges shall be directly or indirectly contracted for or received by any licensee except those specifically authorized by this chapter. No licensee shall divide into separate parts any contract made for the purpose of or with the effect of obtaining charges in excess of those authorized by this chapter. ~~All balances due to a licensee from any person as a borrower or as an endorser, guarantor, or surety for any borrower or otherwise or due from any husband or wife, jointly or severally, shall be considered a part of any loan being made by a licensee to such person for the purpose of computing interest or charges.~~ If any amount in excess of the charges permitted by

this chapter is charged, contracted for, and received, except as the result of an accidental and bona fide error of computation, the licensee shall have no right to collect or receive any charges.

~~(9)~~(8) On any loan of money exceeding $7,500 in principal amount, a licensee may not make charges as provided in subsections (1) and (2) but shall make charges in accordance with the provisions of this subsection through subsection ~~(12)~~ (11).

~~(10)~~(9) On any loan of money exceeding $7,500 in principal amount, a licensee may contract and receive charges at a rate not in excess of 2% per month on the principal amount as follows:

(a) Charges shall be computed on unpaid balances of the principal amount outstanding from time to time for the actual time outstanding. Each payment shall be applied first to accumulated charges and the remainder of the payment applied to the unpaid principal balance, except that if the amount of the payment is insufficient to pay the accumulated charges, unpaid charges continue to accumulate to be paid from the proceeds of subsequent payments and are not added to the principal balance.

(b) Charges made under this subsection may not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid

principal balance of a prior loan, the principal amount payable under such new loan contract may include any unpaid charges which have accrued. The resulting loan contract is a new and separate loan transaction for all purposes. The principal balance of a prior loan on which charges have been made pursuant to subsections (1) and (2) is the balance due after refund or credit is given to the borrower pursuant to subsection ~~(5)~~ (4).

~~(11)~~(10) For purposes of computing charges for a fraction of a month, a day is considered one-thirtieth of a month.

~~(12)~~(11) The provisions of subsections ~~(5)~~ (4) and ~~(6)~~ (5) do not apply to loans made under subsections ~~(9)~~ (8) through ~~(11)~~ (10).

~~(13)~~(12) The amounts of $90, $500, $1,000, and $7,500 in subsections (1), (2), ~~(4),~~--~~(9)~~ (8), and ~~(10)~~ (9) are subject to change pursuant to the provisions of 32-5-104 on adjustment of dollar amounts."

Section 3. Section 32-5-306, MCA, is amended to read:

"32-5-306. Insurance. (1) No--~~insurance~~ Insurance of any kind ~~shall~~ may be written by a licensee or employee affiliate, or associate of the licensee, ~~in connection with any loan except as~~ subject to the limitations hereinafter provided.

(2) Insurance permitted under the provisions of this

section shall be obtained through an insurance company authorized to conduct such business in Montana by a duly licensed agent or agency of this state. Premiums shall not exceed those fixed by law or current applicable manual rates. Insurance written as authorized by this section may contain a mortgagee clause or other appropriate provisions to protect the insurable interest of the licensee.

(3) When the principal amount of the loan exceeds $300 exclusive of the portion thereof attributable to insurance premiums and charges, the licensee may require a borrower to insure property offered as security against any substantial risk of loss, damage, or destruction for an amount not to exceed the reasonable value of the property insured or the amount of the loan, whichever is smaller, and for the customary term approximating the term of the loan contract. It shall be optional with the borrower to obtain such insurance in an amount greater than the amount of the loan or for a longer term.

(4) Subject to the laws of this state, credit life insurance and credit disability insurance may be provided at the expense of the borrower and may be provided by a licensee upon the request of the borrower when the principal amount of the loan exceeds $300, exclusive of the portion thereof attributable to insurance premiums and charges.

(5) The insurance authorized by this section may be

sold, obtained, or provided by or through a licensee, and the premium or identifiable charge for the insurance may be included in the principal amount of the loan; provided, however, that no licensee shall require a borrower to purchase such insurance from such licensee or from any particular agent, broker, or insurance company as a condition precedent for the obtaining of a loan. Any gain or advantage to the licensee or any employee, affiliate, or associate of the licensee from the sale, provision, or obtaining of insurance as authorized by this section shall not be deemed to be additional charges or a violation of this chapter.

(6) A licensee shall not require insurance under this section until any existing insurance of the same type has expired or has been canceled and the unearned portion of the premium for the canceled insurance has been rebated to the borrower.

(7) The amount of $300 in subsections (3) and (4) is subject to change pursuant to 32-5-104 on adjustment of dollar amounts."

Section 4. Section 32-5-322, MCA, is amended to read:

"32-5-322. Deferral charge -- rate. The deferral charge for a 1-month period may not exceed an amount equal to the difference between the refund which would be required for prepayment in full under ~~subsection (5) of~~ 32-5-301(4)

as of the scheduled due date of the first deferred installment and the refund which would be required for prepayment in full as of 1 month prior to such date. A proportionate charge may be made for deferrals for periods of more or less than 1 month. A deferral charge is earned pro rata on a daily basis during the deferral period and is fully earned on the last day of the deferral period. Should a loan be prepaid during a deferral period the licensee shall make or credit to the borrower a pro rata refund of the unearned deferral charge in addition to any refund or credit made pursuant to ~~subsection (5) of~~ 32-5-301(4)."

Section 5. Section 32-5-407, MCA, is amended to read:

"32-5-407. Attorney fees -- bad check charge. (1) If the contract so provides, reasonable attorney fees may be awarded to the party in whose favor final judgment is rendered in any action on a contract entered into pursuant to the provisions of this chapter.

(2) In addition to any other charges authorized by this chapter, a licensee may charge a borrower the greater of $10 or the licensee's actual expense for each check, received in payment of a loan, that is dishonored for any reason."

Section 6. Section 32-5-501, MCA, is amended to read:

"32-5-501. Open-end loans. (1) A holder of a supplementary license may make open-end loans and may

contract for and receive charges at a rate not in excess of the rate set forth in 32-5-301~~(10)~~(9) on unpaid balances outstanding from time to time for the actual time outstanding.

(2) A holder of a supplementary license may not compound charges by adding any unpaid charges authorized by this section to the unpaid principal balance of the borrower's account; however, the unpaid principal balance may include the fees paid to third parties as authorized by 32-5-504 and by 32-5-301~~(7)~~(6)."

Section 7. Section 32-5-506, MCA, is amended to read:

"32-5-506. Provisions not applicable. The provisions of subsections ~~(5)~~ (4) and ~~(6)~~ (5) of 32-5-301 and the provisions of 32-5-304 do not apply to open-end loans."

NEW SECTION. Section 8. Extension of authority. Any existing authority of the department of commerce to make rules on the subject of the provisions of this act is extended to the provisions of this act.

-End-

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

January 31, 1985

The thirteenth meeting of the Business & Industry Committee met in Room 413/415 of the Capitol Building at 10 a.m. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present.

CONSIDERATION OF SENATE BILL 233: Senator Pat Regan, Senate District 47, Billings, is the sponsor of Senate Bill 233. She decided to sponsor this bill after a situation arose in her hometown when a husband passed away and an $80,000 claim was not settled for over 8 months and no interest was paid on this amount. She had this bill drafted and is also proposing an amendment which would change the way in which interest is figured. The insurance company felt that a flat rate of 12% would be sufficient but she felt it should be the rate at the time the claim is due that day. (EXHIBIT 1)

PROPONENTS: Mr. Les Loble, representing the American Council of Life Insurance, supports this bill and its amendments. He stated the intent of the bill means 30 days within receipt of proof of death. (EXHIBIT 2) Tanya Ask, from the Montana Insurance Department, explained they want to change the provision from 30 days to 60 days so there is a maximum amount of time that the companies can answer to a claim. They are suggesting a flat rate of 12% because this is what neighboring states have done but they would be flexible on this. They are also proposing additional language that would indicate when the interest would be paid. They would like it to be paid when the lump sum payment is made or when the first installment is paid if that is the method of payment. (EXHIBIT 3) Randy Gray, with State Farm Insurance of Great Falls, believes this is a fair bill. This would allow those cases which are denied, such as suicide, missing person, to have interest paid if not settled within 30 days after proof of death is received. They would prefer a floating rate rather than the 12% fixed rate of interest and would like to see the interest run from the date proof of loss is received. (EXHIBIT 4) Elmer Hausken, representing Montana Association of Life Underwriters, also supported Senate Bill 233. (EXHIBIT 5)

OPPONENTS: There were no opponents to Senate Bill 233.

Questions from the committee were then called for. Senator Halligan wanted to know what is done when there is no proof of death. Randy Gray responded when a claim is disputed and after they receive a proof of death that the interest would run back retroactively to when the death was established.

The hearing on Senate Bill 233 was closed.

CONSIDERATION OF SENATE BILL 216: Senator Paul Boylan, Senate District 39, Bozeman, is the sponsor of this bill.

PROPONENTS: Mr. Jerome Loendorf, representing the Montana Consumer Finance Association, explained the law would generally revise the current law concerning consumer loan licensees, allow financial institutions to be licensed, revise provisions concerning interest on loans, remove the prohibition on sale of insurance and provide for a bad check charge. They would like to see the section regarding insurance amendments be deleted and changed back to its original language. On the first page of the bill they would like language deleted that would make it easier for independent businesses to be able to sell their licenses along with their business. On page 4 there is a reference to $90 loans and since loans are no longer made for this amount they would like this deleted. There is language making provisions for husband and wife loans being made together and they would like this deleted also. The new provision on page 11 allows for bad check charges. With the deletion of the insurance amendment it is basically just a housekeeping bill, he explained. (EXHIBIT 6)

OPPONENTS: Mr. Roger McGlenn, representing the Independent Insurance Agents of Montana, stated he had first opposed this bill but with the requested amendments they no longer have any problems with it. Mr. Riley Johnson, representing the Professional Insurance Agents of Montana, had first objected to this bill also but with the deletion of the insurance section they no longer have any objection. (EXHIBIT 7) Elmer Hausken, of Helena, representing the Life Underwriters Association supports the amendments also. (EXHIBIT 8)

Questions from the committee were then called for.

Senator Halligan asked Jerome Loendorf to explain the amendment and he stated it would just restore the law as it currently exists, delete the amendment that is in the bill (page 8, Sec. 3 and restore the words that are deleted and delete the words that are underlined. Senator Thayer wondered about the $10 bad check charge that they were adding. There was some discussion of the law for civil penalty provision passed in 1983. Senator Christiaens asked Roger McGlenn why they were opposed to the bill if financial institutions were included selling insurance and he stated they were opposed to the all lines, all kinds of insurance type of sales.

Senator Boylan then closed the hearing on Senate Bill 216.

DISPOSITION OF SENATE BILL 216: Senator Christiaens moved to PASS the amendments regarding the stricken language on page 8, deleting the $90 and making changes necessary to the title. The motion carried. Senator Kolstad then moved that Senate Bill 216 DO PASS AS AMENDED. The motion carried.
Meeting was adjourned at 11 a.m.

Mike Halligan
Chairman

cd

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION -- 1985 Date 1/31/85

SENATE SEAT #

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	X		
Senator Thayer	X		
Senator Williams	X		

Each day attach to minutes.

DATE JANUARY 31, 1985

COMMITTEE ON _____ BILL NO. 216

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Roger Noblenn	Independent Insurance Agents Assoc of MT		X 216
Cheryl Lee	Montana Budget	233 216	amend
Elmer Hansen	MT Assn Life Und	216 as amended SB 233	
Pete Rambo	Montana Consumer Finance Assn	216	
Riley Johnson	Professional Insurance Agents	-	X 216
Elmer Flikkema	MTAIA	216 as amended SB 233	

(Please leave prepared statement with Secretary)

DATE _____

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
ELMER HAUSKEN	MT Assn Life Und	~~SB~~ 233	✓	
Riley Johnson	Professional Ins. Agents	SB 216		✓
Randy Gray	StateFarm	SB 233	✓	
[illegible]	MT Ins. Assn	SB 214 + 233	✓	
Jerome T Loendorf	Mt. Casualty & Fire Assn	S 716	✓	

Form CS-34
1-79

NAME Tanya Ask Bill No. SB 233 216

ADDRESS Montana Insurance Dept. DATE 1/31
Mitchell Bldg

WHOM DO YOU REPRESENT

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Support both SB 233
+ 216 as amended

EXHIBIT 3
BUSINESS & INDUSTRY
JANUARY 31, 1985

EXHIBIT 7
BUSINESS & INDUSTRY
JANUARY 31, 1985

WITNESS STATEMENT

NAME Riley Johnson BILL NO. SB216

ADDRESS Helena DATE

WHOM DO YOU REPRESENT? Professional Insurance Agents of Montana

SUPPORT OPPOSE X AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: The Professional Insurance Agents of Montana are opposed to the passage of SB216 because of the specific language aimed at sale of insurance by financial institutions in Montana. While this bill is aimed at consumer loan institutions, in reality it is opening the door to the sale of insurance by any banks, savings and loan or credit union in the State of Montana. It's a back-door effort on the part of the banks to enter another field of consumer service that they have been trying to do all over the country and in the U.S. Congress - to date their first approaches have failed.

Why do we disapprove of banks in the insurance field? First, it would shatter the time-honored and proven American agency system - a system that has served the American consumer exceeding well. Each of you knows a member of the American agency system in your own home towns. These are professionally trained people who contribute socially and economically to the welfare of each of your communities. To allow banks to sell insurance would give an unfair advantage to them in the leverage of the money source. It would also put the emphasis on "sales" rather than service - professional, dependable service to your constituents. We now have a system that is working and working well. We urge you not permit the big business of banking to destroy the American agency

CS-34

~~integrity~~ system and to maintain the professional approach to insurance. We urge you to adopt the amendment offered by the previous speaker and eliminate the insurance provisions in SB 216. With such an amendment, PIA of Montana can support SB 216.

#

Form CS-34
1-79

NAME Carol Fraser Bill No. SB216

ADDRESS 1402 Highland DATE 31 Jan 85

WHOM DO YOU REPRESENT MALL (Not Missoula Mall)

SUPPORT ✓ OPPOSE _____ AMEND As Amended

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: We support SB216 and amendments entered by Sen Van Valkenburg.

EXHIBIT 8
BUSINESS & INDUSTRY
JANUARY 31, 1985

STANDING COMMITTEE REPORT

JANUARY 31 19 85

MR. PRESIDENT

We, your committee on BUSINESS & INDUSTRY

having had under consideration SENATE BILL No. 216

first reading copy (white color)

GENERAL REVISION OF CONSUMER LOAN LAW

SENATE BILL No. 216

Respectfully report as follows: That

be amended as follows:

1. Title, lines 7 and 8,
Following: "LOANS;"
Strike: "REMOVING THE PROHIBITION ON SALE OF INSURANCE;"

2. Title, line 9,
Following: "32-5-301,"
Strike: "32-5-306,"

3. Page 8, line 15,
Following: "amounts of"
Strike: "$90,"

4. Page 8, line 19 through line 20, page 10,
Strike: Section 3 in its entirety
Renumber: subsequent sections

AND AS AMENDED

DO PASS

XXXXXXXXX

Mike Halligan Chairman.

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

March 14, 1985

The meeting of the Business and Labor Committee was called to order by Chairman Bob Pavlovich on March 14, 1985 at 8:00 a.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present.

SENATE BILL 216: Hearing commenced on Senate Bill 216. Senator Paul Boylan, District #43, sponsor of the bill, explained this revises some provisions of the Montana Consumer Loan Act. Eliminated are the prohibitions of financial institutions and commodity credit firms from being licensed under the act. Stricken is the provision for interest charges on loans of $90 or less. The bill also allows a bad check charge of up to $10 or the licensee's actual expenses, whichever is greater.

Proponent Jerry Loendorf, representing the Montana Consumer Finance Association, also explained the four unrelated changes in the bill.

In closing, Senator Boylan stated Senate Bill 216 will help clean up the financial institutions.

Representative Schultz asked Jerry Loendorf if the bad check charge is increased from $5 to $10. Mr. Loendorf explained that the fee is not currently in the law and an establishment may charge whatever they wish.

Representative Simon asked Jerry Loendorf why a bad check charge is being established when companies are presently charging for bad checks. Mr. Loendorf explained that the change is being made in the codes.

Representative Driscoll asked Jerry Loendorf who would be classified as a consumer loan finance company. Mr. Loendorf gave the examples of Household Finance and Budget Finance.

There being no further discussion by proponents and no opponents to the bill, all were excused by the chairman and the hearing on Senate Bill 216 was closed.

SENATE BILL 191: Hearing commenced on Senate Bill 191. Senator Bob Williams, District #15, sponsor of the bill, by

on Senate Bill 191. Second was recieved, Senate Bill 191 will BE CONCURRED IN by unanimous vote.

ACTION ON SENATE BILL 216: Representative Thomas moved DO PASS on Senate Bill 216. Second was received, Senate Bill 216 will BE CONCURRED IN by unanimous vote.

ACTION ON SENATE BILL 145: Representative Thomas moved DO PASS on Senate Bill 145. Second was received, Senate Bill 145 will BE CONCURRED IN by unanimous vote.

ACTION ON SENATE BILL 275: Representative Brandewie moved DO NOT PASS on Senate Bill 275. Representative Hansen offered a substitute motion that Senate Bill 275 DO PASS and explained that this bill is trying to redefine what the board of architecture is doing. Representative Kadas moved to amend on page 9, reinsert the language on lines 8 through 10. The amendment did pass with all but Represenative McCormick voting yes. Representative Kadas moved to amend in the title, line 8, strike establishing through records; the amendment did pass by unanimous vote. Representative Schultz moved to amend on page 9, lines 1 through 7, to take out the new language and insert the old. Representative Brown added that observation has been stricken. Representative Glaser stated that the person observing and constructing can be different people. Representative Bachini added that the architect is still responsible. Representative Schultz withdrew his motion. Representative Brandewie made a motion to all motions pending that Senate Bill 275 be TABLED. A roll call vote resulted in 13 members voting yes and 7 members voting no. Senate Bill 275 is TABLED AS AMENDED.

SENATE BILL 192: Hearing commenced on Senate Bill 192. Senator Chris Christiaens, District #17, sponsor of the bill, explained that in a prior session a past bill had the unintended effect of reducing from 20 to 10 days the period for filing purchase money security interests under the uniform commercial code. Senate Bill 192 reverses that and increases the days from 10 to 20. Twenty nine other states presently have this same time allotment. Due to delays in filing the UCC1 forms liens are not being perfected.

Representative Ellerd asked Senator Christiaens who is responsible between days 1 and 20. Senator Christiaens explained that prior to the lien being filed, the parties are in limbo.

Representative Brandewie commented that a good businessman will not exchange goods until the UCC1 has been filed and this bill address' those parties that cannot get the lien filed within the 10 days allowed.

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date March 14, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormick	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		

STANDING COMMITTEE REPORT

March 14 19 85

MR. SPEAKER

We, your committee on BUSINESS AND LABOR

having had under consideration SENATE Bill No. 216

third reading copy (blue color)

GENERAL REVISION OF CONSUMER LOAN LAW

Respectfully report as follows: That SENATE Bill No. 216

DO PASS
BE CONCURRED IN

Rep. Robert Pavlovich, Chairman.

STATE PUB. CO.
Helena, Mont.

VISITOR'S REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL Senate Bill 216 DATE March 14, 1985

SPONSOR Senator Boylan

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
Paul Grucker	Great Falls, MT	Montana Consumer Finance	✓	
DENNIS COFFEN	KALISPELL, MT	MONTANA CONSUMER FINANCE ASSOCIATION, BUDGET FINANCE	✓	
Jean Dundas	Helena, MT	MT. Consumer Finance Assn	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FORM CS-33